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THE BRITISH POSITION IN THE
PERSIAN GULF AND ARABIAN PENINSULA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 19 February 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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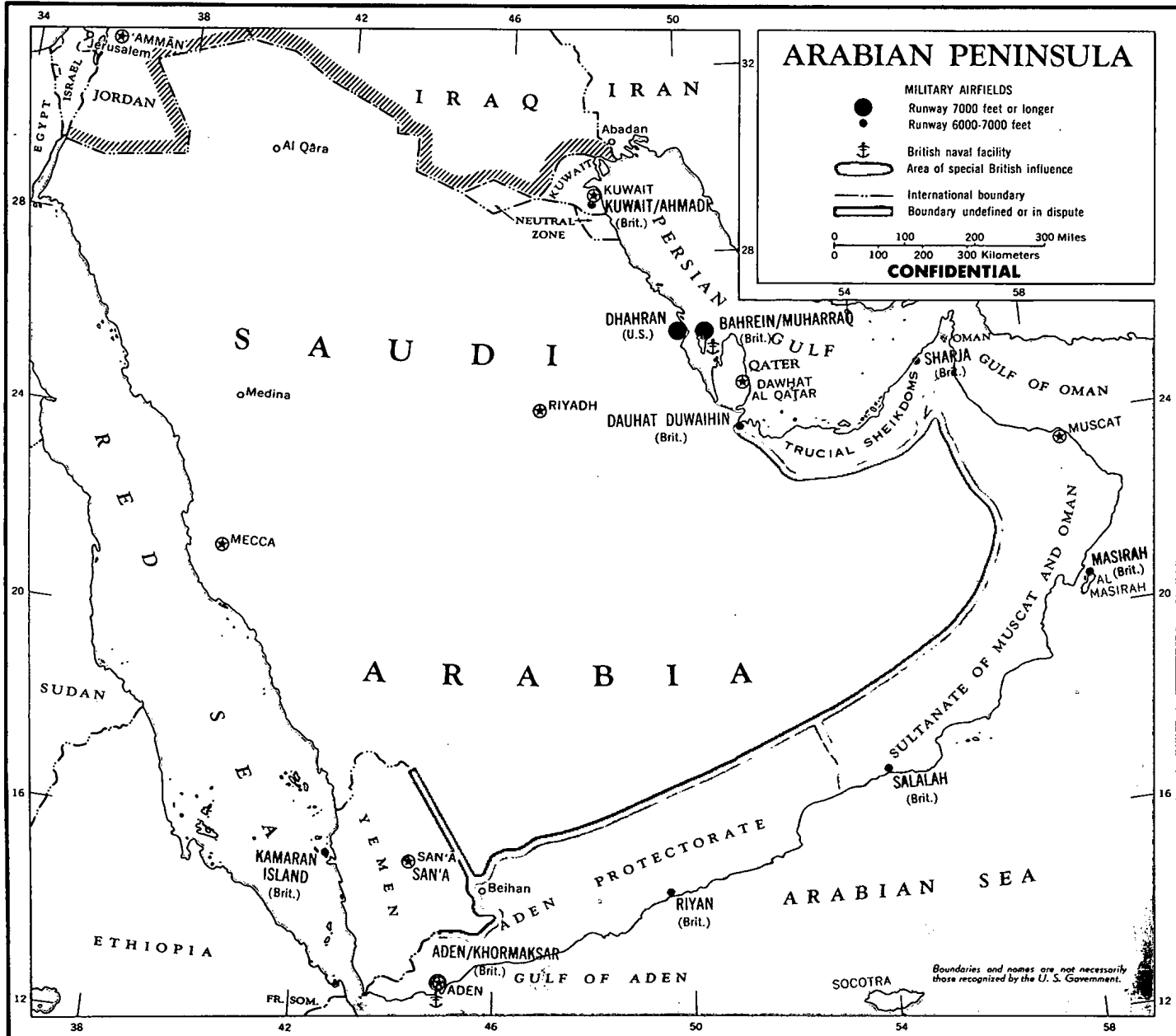
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THE BRITISH POSITION IN THE PERSIAN GULF AND ARABIAN PENINSULA

THE PROBLEM

To estimate the extent and importance of UK assets and interests in the Persian Gulf and Arabian Peninsula area, the main forces working in the area, and the will and ability of the UK to maintain its present position in this region in the light of recent developments.

CONCLUSIONS

1. The leaders of both major British political parties consider that continued and assured access to the oil of the Persian Gulf is vital to the UK. Accordingly, the UK will almost certainly make very great efforts to retain its special position in the area, and would probably use force if necessary to do so. (*Paras. 13-14, 23, 35*)

2. Strong pressures against the British position exist, arising from the local unrest and agitation of nationalist-reformist groups, from territorial claims by Saudi Arabia and Yemen, and from the widespread influence of Arab nationalism supported especially by Egypt and the USSR. There is unlikely to be any major or lasting reduction in these pressures. (*Paras. 16-22*)

3. Over the next few years at least, the British appear to have a reasonably secure position in Muscat and the Trucial Sheikdoms. It also appears unlikely

that the British will be dislodged from Aden, although the containment of Yemeni pressures against the Western Protectorate is likely to be troublesome. (*Paras. 28-30*)

4. The outlook is more troubled and uncertain in Kuwait, where Britain's material stakes in the area are most heavily concentrated, and in Bahrein and Qatar. While the situation there may remain stable for some time to come, the UK has failed to achieve a relationship with local elements which would enable it to make an orderly adjustment to the economic, social, and political pressures which are bound to mount over the years. The Suez crisis has strengthened ultranationalist influences and has bound the UK more closely to autocratic ruling families which may themselves become more susceptible to outside anti-British influences. (*Paras. 31-33*)

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DISCUSSION

I. THE BRITISH STAKE IN THE AREA

5. With the progressive loss of the UK's one-time predominance in Palestine, Egypt, Iran, and Jordan, and the weakening of its privileged position in Iraq, the UK's position in the Middle East now hinges primarily on its special relationship with the small principalities, sultanates, and colonial areas which rim the Arabian Peninsula from Kuwait to Aden. Here, where some of the Middle East's largest and most accessible oil reserves lie, the UK still exercises control over foreign policy, has a deciding voice in the selection of local rulers, and helps to shape internal policies. The special British position here is of vital concern to the UK, primarily because of British dependence on the area's oil production and the associated economic benefits. In recent years, however, the British have been challenged by the rise of local nationalist-reformist groups and, directly or indirectly, by the increased interest of Saudi Arabia, Egypt, the Yemen, the USSR, and the US in the area.

6. Except for the crown colony of **Aden**, which comprises little more than the town and port, none of the territories concerned is under direct British rule. Nevertheless, the British have established the area as an exclusive British preserve except in certain petroleum matters. British control over the Eastern and Western Aden Protectorate is exercised through native rulers with whom the British concluded treaties during the past century. These protectorate arrangements, under which the rulers pledged themselves not to enter into relations with any foreign government without British consent or to dispose of any part of their territory to any power other than Great Britain, were supplemented beginning in 1937 by advisory agreements with certain of the more important rulers of the Protectorate. Under these treaties the UK appoints resident advisers to the rulers, and the rulers agree to accept advice in all matters

except those concerning Moslem religion or custom.

7. Within the Persian Gulf, the UK has long-standing treaties with the Sheikhs of **Kuwait**, **Bahrein**, **Qatar**, and the seven small sheikhdoms of **Trucial Oman**. These rulers have pledged themselves not to enter into relations with, or to cede territory to, third parties without British consent and have authorized the UK to act on their behalf in foreign affairs. The UK has extraterritorial jurisdiction over foreigners in the sheikhdoms. Although the British recognize the right of the rulers to grant oil concessions after prior consultation with the UK, any firm obtaining such a concession must also conclude a political agreement with the UK acknowledging the special British position in the Persian Gulf and British rights to the oil in event of emergency.

8. The UK's relationship with the **Sultanate of Muscat and Oman** on the southeast coast of Arabia is similar in most respects to its relationship with the other Gulf principalities. However, the Sultanate has a more independent position, and in the latest treaty between it and the UK, concluded in 1951, the British agreed to several restrictions on their extraterritorial jurisdiction. These restrictions, and the fact that it is not bound to accept British advice on foreign policy, distinguishes the Sultanate from the Gulf principalities. Its foreign minister and the commander of its armed forces are both British subjects under contract to the Sultan.

9. The UK today tends to consider its Persian Gulf establishment as a territorial and administrative entity. From Bahrein Island, the Political Resident for the Persian Gulf supervises Political Agents resident in the various principalities and the British Consul in Muscat. Some of the principalities also have British advisers in key administrative posts, but in contrast to the Political Agents and their staffs, who are British Foreign Office em-

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ployees, these advisers are hired by and are responsible to the local ruler.

10. At present, Kuwait far outweighs the rest of the area in economic importance. It has about a quarter of the entire free world's proved oil reserves,¹ making it about equal to Iraq and Iran combined and somewhat more important than Saudi Arabia as a prospective source of future oil supplies. Kuwait's oil production averaged close to a million barrels a day — about 30 percent of Middle East production — in 1955. About 60 percent of Britain's imports of crude oil came from Kuwait before the Suez crisis. Kuwait has a small refinery, which is now being expanded to a capacity of 170,000 barrels a day.

11. The other principalities are also important as present or potential sources of petroleum, though in substantially lesser degree. Qatar and Bahrein produce oil, and the latter has a refinery of 205,000 barrels a day capacity.² Although little oil development has taken place thus far in Muscat and the Trucial States, at least one oil strike has been made in the territory of the Sheikh of Abu Dhabi. Aden is the site of a British Petroleum Company refinery of 120,000 barrels a day capacity.

12. The UK has not been completely successful in its efforts to reserve Persian Gulf oil for exploitation by British firms, largely because of British failure to recognize in time the importance of the opportunities available. Also, there has been vigorous US competition, backed by US government insistence on the open-door principle. The Gulf Oil Company has an equal share with British Petroleum in the rich Kuwait Oil Company concession, and the Bahrein Petroleum Company is jointly owned by two US firms, Standard Oil of Cal-

ifornia and the Texas Company. Although most other oil rights in the sheikhdoms are held by subsidiaries of the internationally owned but British-controlled Iraq Petroleum Company, US firms have some additional concessions.³

13. Nevertheless, the Gulf area remains extremely important to the UK as a source of low cost sterling oil. Moreover, British investments in oil and other activities in the Persian Gulf principalities and Aden are very substantial — probably amounting to more than half of British investments in the Middle East as a whole — and thus represent an important source of income for the UK. In 1956 the UK's net earnings from crude oil production amounted to an estimated \$150 million from Kuwait and \$12 million from Qatar, as against \$89 million and \$72 million respectively from British oil investments in Iraq and Iran. The transportation and distribution of Persian Gulf oil provide additional important sources of income to the UK. Most of the royalties received by local rulers — almost all of them in sterling — flow into British banks and investment markets and, because of British dominance of the currency, banking, and commercial system of the area, UK firms supply much of the area's imports. Between 1938 and 1955 Persian Gulf imports from the United Kingdom increased from about \$2,600,000, representing 12 percent of British exports to the Middle East, to \$58,800,000, or about 35 percent of the total.

14. Britain's dependence on the principalities of the Persian Gulf for oil will almost certainly increase. Even on the assumption that considerable electricity will be available from nuclear energy sources, the UK itself will probably need twice as much petroleum by 1975 as it does now. Western Europe as a whole, which prior to the Suez crisis was obtaining about 70 percent of its oil from the Middle East, will probably triple its needs by then and — despite recent reports of a rich strike in Algeria and possible new discoveries elsewhere — will almost certainly have to look

¹ See table, Appendix I. For Kuwait, as for the Middle East as a whole, figures on proved reserves are estimated by some experts to represent perhaps no more than half of the oil actually available.

² About 70 percent of the Bahrein refinery's capacity is normally utilized in refining crude oil brought from Saudi Arabia by undersea pipeline. However, King Saud cut off Saudi supply of oil following the Anglo-French invasion of the Suez area, and the Bahrein refinery is now getting crude oil of different and apparently unsatisfactory quality from Iran and Sumatra.

³ See map, Petroleum Concessions, Oil Fields, and Installations in the Arabian Peninsula following Appendix.

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primarily to the Middle East to meet them. A considerable portion of this demand can probably be met by increased production in Iraq and Iran, where the UK has a substantial share in oil output, and in Saudi Arabia. However, it is almost certain that Kuwait will retain a major share of the market, and that there will be pressure to expand production in Qatar and develop fields in other portions of the British-protected area.

15. Apart from the importance of its oil resources, the area has considerable strategic value for the British and the Western powers generally, particularly now that Suez can no longer be used as a garrison and staging area. British bases in the Persian Gulf serve as links in the Commonwealth air route to India, Southeast Asia, and Australia. Some 30,000 troops are annually flown through Bahrein in routine troop lifts to Far East garrisons. The naval facilities at Aden and Bahrein and the air fields in the area are important to the British in maintaining their position in the Red Sea and Indian Ocean, as well as in the Persian Gulf itself; the naval facilities at Aden are probably increased in value because of the impending withdrawal of the British from their naval base at Trincomalee, in Ceylon. British air, naval, and ground force facilities in the area are also of potential value vis-a-vis the USSR.

II. CHALLENGES TO THE BRITISH POSITION

16. Until fairly recently, the area under consideration presented few difficulties for the British. Their main concern was to fend off US businessmen and other Western interlopers. Following World War II, the British took a series of steps to try to consolidate their position in the Gulf and to deal with emergent politico-economic issues. The caliber of the personnel of the Persian Gulf establishment was improved and the number increased. The Sheikh of Kuwait was persuaded to use his swelling oil revenues for extensive health, education, housing, and other improvements. In the Trucial States area, the British have been moving toward a federation which would promote the political stability of the various sheikhdoms and pro-

vide a framework for economic development should oil be discovered in that area. Similar efforts, though less spectacular, were continued in Bahrein and initiated in Qatar. Proposals for economic development and federation of the tribal states of the Western Protectorate were advanced by British authorities in Aden.

17. Despite these moves the British have in the last few years been presented with growing challenges to their position. The most serious of these lies in the growth of unrest and agitation by nationalist-reformist groups in Kuwait and Bahrein, where the vast increases in oil production and revenues have disrupted traditional patterns and relationships and caused an increased receptivity to nationalist, pan-Arab, and pan-Islamic influences from other parts of the Arab world. Pressures for change have come not only from extremist elements, but also from merchants and other persons who have grown concerned about the political and administrative inadequacies of their governments and about the increasing concentration of wealth and power in the hands of the ruling families. Arab nationalist propaganda, particularly that from Egyptian sources, has encouraged the belief that as the protectors of the *status quo* the British represent the chief obstacle to political change. Nationalist-reformist groups have come increasingly to identify their campaigns against the ruling authorities and the British with "Arab unity and solidarity" and the prestige of Nasser.

18. The UK is also confronted with growing expansionist pressures by Saudi Arabia and the Yemen against British-protected territories. Stimulated by Wahhabi religious fervor, by Arab suspicion and resentment of the British presence in Iraq and the Persian Gulf, and by a belief that valuable oil deposits may exist along its ill-defined borders, Saudi Arabia has made persistent attempts to advance into the Hadramaut (Eastern Aden Protectorate) and Inner Oman. The most important dispute is that over the oasis of Buraimi, a key communications point and potential center for inland oil exploration in southeast Arabia, which is claimed both by Saudi Arabia and

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by the British on behalf of the Sheikhdum of Abu Dhabi and the Sultanate of Muscat and Oman. The case went into abitration in 1955, but the British soon withdrew on grounds that the Saudis were bribing some of the witnesses and one of the arbitrators. Subsequent moves toward a settlement have made little progress.

19. The Yemen, for its part, has long claimed the entire Aden area, including Aden colony itself, and has made repeated incursions in support of more immediate claims to various Aden border villages. The tempo of these incursions has increased over the last two years in response to British plans to federate the Western Aden Protectorate and culminated in early 1957 in a new series of raids which, though of small size, have forced the British to commit some ground and air units. The Yemen's new offensive along the ill-defined Aden Protectorate border has been accompanied by threats to bring the dispute before the UN, renewed claims to the Aden-controlled Kamaran Island off the Yemeni coast, and increasingly open claims to all of Aden as being part of the "Arab nation."

20. These attacks on the British position have been vigorously supported by Egypt. The Nasser regime is aware of the UK's increasing dependence on its position in the Persian Gulf and is making a major political warfare effort, involving some direct efforts at subversion and sabotage, to make it untenable. Egypt has given strong support to the Yemen in the latter's efforts to improve the proficiency of its army and advance its claims against Aden, and Egyptian propaganda has also encouraged dissidence in Aden colony. Saudi Arabia, which is linked with Egypt and the Yemen in a mutual assistance pact of April 1956, has furnished the Yemen with perhaps as much as \$10 million for military equipment and has continued to smuggle arms to dissident Aden Protectorate elements.

21. The USSR has recently made several moves towards establishing a greater degree of influence in the Yemen. This includes visits of Yemeni notables to the USSR and the European Satellites. Commercial and military assistance agreements were con-

cluded in 1956, providing among other things that the USSR should furnish the Yemen with military aid to the value of more than \$10 million, with the Yemen paying one-third of the cost. Substantial initial deliveries of arms were made in October 1956. Some Soviet Bloc military advisers and instructors have also arrived in the Yemen. The USSR has had far fewer opportunities to influence the situation in the Persian Gulf, since there are neither friendly governments nor as yet significant Communist movements through which it can work. However, a sizable ring of Communists, largely outsiders, was uncovered in Kuwait in early 1956. Communist propaganda circulates in the area, and has some influence on local extremist groups. Communist individuals or groups have been involved in strikes and other labor activities in Aden, Kuwait, Bahrein, and Qatar, but the extent of their influence is unknown.

22. There is unlikely to be any major or lasting reduction in the local pressures on the British position. It is true that the removal of Nasser would probably provide a temporary easing of the situation, and might give the British opportunities to strengthen their position, but the fundamental difficulties confronting the British would not be solved. The more advanced sheikhdoms of the Gulf will continue to be characterized by internal stresses and unrest, whether or not encouraged from outside sources. Although it is conceivable that Saudi Arabia might be induced to accept some sort of temporary accommodation with Britain on border issues, the Saudi attitude toward the UK will at best be tinged with suspicion and latent expansionist urges so long as the British remain in the area. The Yemen will probably wish to avoid a military showdown with the UK, but it will almost certainly continue its efforts to exploit the opportunities provided by the receipt of Soviet arms, strong backing from Egypt and other Arab states, and the sharp decline in British prestige in the Middle East. Although the rulers of the Yemen and Saudi Arabia are suspicious of Egypt's efforts to build up its influence within their countries or other parts of the Peninsula, the three powers will probably continue to cooperate against

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the UK position for the time being. Should Egyptian-backed elements come to power in the Yemen, the drive to expel the British from Aden would be even more vigorously pursued.

III. STRENGTHS AND WEAKNESSES OF THE BRITISH POSITION

23. The leaders of both major British political parties consider access to Middle Eastern oil to be vital to the UK. Moreover, they believe that assured access to this oil depends upon maintenance of the special British political and military position in the area. Hence the British government is determined to make very great efforts to retain this position.

24. In its efforts to preserve its position, the UK still has certain advantages. In much of the area, political life is still too rudimentary for nationalist and other ideological themes to have much impact, and the British ability to appeal to the controlling tribal chieftains, particularly through provision of support against their local enemies, is still great. Despite the growth of anti-British and reformist feeling in the more advanced oil sheikhdoms of the Persian Gulf, political organization and activity is still at too rudimentary a level of development to exercise more than a sporadic influence on the local ruling authorities. The impact of radical and ultranational influences is blunted to some extent by the continued predominance of conservative elements among those seeking constitutional reforms. It is also restrained by the development of a staunch localism, voiced through such slogans as "Kuwait for the Kuwaitis" and "Bahrein for the Bahreinis," which reflect a preoccupation with local affairs. The ruling sheikhs continue to be drawn toward the British by: (a) their desire to retain their personal control over the oil revenues; (b) their recognition of their inability to operate the oil installations themselves; (c) their desire for support in maintaining their internal authority and in avoiding domination by their Arab neighbors; and (d) their suspicions of the ultimate aims of the Arab nationalist leaders.

25. British forces stationed in the area are small in size.⁴ However, supported by British-

led local levies and supplemented, if necessary, by reinforcements from outside the area, these forces are capable of handling any local disturbances and maintaining internal security. Although the Yemen's receipt of Soviet arms increases its capability for harassing activity along its boundary with the Aden Protectorate, it is highly unlikely that the Yemeni by themselves could pose a serious military threat because of the present low level of proficiency of their forces⁵ and the logistical difficulties involved.

26. On the other hand, the British must cope with some serious handicaps, particularly in the light of the severe reverses which British prestige and influence have suffered throughout the Middle East as a result of the Suez crisis. Britain's ill-fated attempt to solve the Suez question by force lent new impetus to

⁴ The British currently maintain one infantry battalion (800 British regulars) and upwards of 5,000-6,000 local troops led by British officers in the Persian Gulf area. In the Aden area the present British strength is one regular reinforced infantry battalion (about 1,100 men) and British-officered tribal levies numbering at least 2,400. Elements of the RAF (16 jet fighters, 4 patrol bombers, and 18 transports) with a personnel strength estimated at 2,400 are based in the Aden area. Important air fields are shown on the map opposite page 1.

The principal British naval strength in the Middle East is the Mediterranean fleet, with headquarters at Malta. The only British naval force normally operating in the immediate area is the small squadron attached to the East Indies Station based at Trincomalee, Ceylon. The squadron includes one light cruiser and four escort vessels, several of which are almost continuously in the Persian Gulf. The recent action against Egypt resulted in a temporary increase in naval strength, and all ships of the East Indies squadron are now in the Persian Gulf operating out of Bahrein. In addition, one light cruiser and two escort vessels are presently operating in the Red Sea under command of the Mediterranean fleet. The Royal Navy has minor facilities at Aden, Bahrein, and Mombasa in East Africa.

⁵ The Yemeni army has a given strength of 24,000 in one artillery and three infantry brigades. However, it is too primitive in organization, equipment, and capabilities to field a fighting force either in numbers or effectiveness related to its given strength. At present Yemen has no air force, although it may be in process of receiving Soviet MIGs.

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Nasser's appeals for Arab solidarity. At the same time, by their failure to topple Nasser and to prevent the sabotage of the Suez Canal and IPC pipeline, the British disclosed that their ability to defend their interests has important limitations.

27. In the politically more developed sheikhdoms of Kuwait and Bahrein the Suez intervention has dealt a serious and perhaps fatal blow to the somewhat disjointed British efforts to direct social unrest into evolutionary channels. The British have for the present at least lost the confidence of most segments of articulate opinion. In the face of the local anti-British demonstrations and acts of sabotage which followed the attack on Suez, the British have been forced into greater dependence and support of the local rulers. These rulers share the desire of the British to suppress popular outbreaks, but they are now more conscious of popular nationalist pressures and sentiments, which they probably share to some extent. In any event, they will almost certainly be less responsive than in the past to British influence and probably more prone to develop informal contacts with other Arab leaders. Although the Sheikh of Kuwait moved vigorously to suppress sabotage and disorder following the Suez intervention, he has made a point of being less accessible to his British advisers. Meanwhile, the nationalist-reformist elements have been driven into closer identification with Nasser's brand of Arab nationalism.

IV. THE OUTLOOK FOR THE BRITISH POSITION

28. The British position in the Sultanate of Muscat and Oman and in the Trucial Sheikhdoms appears to be reasonably secure over the next few years at least. There is no indication of significant support for Nasser or significant opposition to the Sultan and his British ties in Muscat. The UK will almost certainly continue to support the Sultan in resisting pressures against his territory from Saudi Arabia and its local confederates, and he will probably remain a reliable British ally. For similar reasons, the leaders of the small sheikhdoms of Trucial Oman are likely to retain their British ties. However, both the

Sultan of Muscat and Oman and the Trucial Sheikhs will probably continue to judge their British connection by the extent of British will and ability to help them locally.

29. British prospects in Aden are also generally favorable over the next few years. In Aden Colony, Egyptian and Yemeni-encouraged nationalist agitation has achieved some success, particularly in establishing a foothold in the labor movement, but most reform groups in the colony are still directing their pressures primarily toward achievement of more representative government rather than independence. They will probably remain content to continue under British rule so long as the authorities continue their present policy of gradually extending local participation in the government. Development of a unified nationalist movement in Aden is further hampered by the existence of divisions within the Arab Moslem majority and by the presence of sizable Indian and Somali minorities. The Eastern Aden Protectorate, whose inhabitants have longstanding cultural and economic ties with India and Southeast Asia, will probably remain relatively apathetic toward Arab nationalist agitation and comparatively unaffected by Saudi intrigues along the border.

30. The situation is likely to remain troublesome for the British in the Western Protectorate, whose backward tribes — not all of them formally aligned with the British — are likely to be more susceptible to Yemeni propaganda and offers of arms, money, and loot, and increasingly exposed to Yemeni raids. However, it is unlikely that the Yemen, despite its new Soviet arms, will be able to make any significant military inroads against determined British resistance unless sizable numbers of Egyptian or Bloc personnel are introduced into the Yemeni armed forces. Moreover, all of the Western Protectorate tribes are Sunni Moslems of the Shafi'i rite who for sectarian reasons have no wish to subject themselves to the Zaydi Shiah of the Yemen or the Wahhabi zealotry of Saudi Arabia. So long as the British continue to supply arms, money, and the relatively small amount of military stiffening necessary to hold the line, the

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chronic raiding and dissidence of the border country is unlikely to present serious dangers.

31. The outlook for the British is more troubled and uncertain in Kuwait, where Britain's material stakes in the area are most heavily concentrated, and in Bahrein and Qatar. There is no present indication that the stability of the local governments or the ties of these governments with the British are in imminent danger. The fact remains, however, that the UK has failed to achieve a relationship with local elements which will enable it to make an orderly adjustment to the economic, social, and political pressures which are bound to mount over the years. Also the UK's Suez performance has gravely weakened its prospects for doing so. In Kuwait, there is growing unrest and political agitation despite the Sheikh's British-encouraged efforts to use major portions of his oil revenues for welfare purposes. In Bahrein, the British have long since lost contact with emergent nationalist and reformist elements. These groups will probably continue to capitalize on various local grievances and the siren song of Cairo's "Voice of the Arabs." Although developments in Qatar are more obscure, it appears to be starting along the same path as the other sheikhdoms.

32. The fortunes of the British in these three Gulf sheikhdoms have become increasingly linked with those of autocratic rulers who are likely to move tardily or ineffectively in meeting internal demands for reform. Sooner or later these rulers will probably be threatened with replacement by regimes in which ultranationalist or leftist elements predominate. Moreover, the decline of British prestige and influence in neighboring Arab states has increased the possibility that the rulers themselves may seek to adopt a more independent attitude toward the British. The danger of a move to oust the British from the sheikhdoms would grow if Arab nationalists elsewhere should score additional gains at British expense. This danger would be especially great if Saudi Arabia or Iraq should fall under ultranationalist influence.

33. Egypt and the Communists will probably be able to develop their capacities for harassing the British by organizing and influencing labor in the oil industry. A further growth of anti-Western and pro-Soviet influence in the area may lead to a situation in which the local rulers may feel compelled to go along with other Arab states in economic measures against the British. In any event, the British, along with other Western participants in Middle East oil production, will almost certainly be confronted with growing demands for increased local participation in management and profits.

34. British access to and investments in the oil production of the sheikhdoms are not as yet seriously threatened. However, the British are likely to be confronted with continuing and probably increasingly effective Arab efforts to use oil as a political weapon. Any ultranationalist regimes which came to power in the sheikhdoms would probably be under strong pressures from their outside Arab backers to emulate Syria and Egypt by imposing political conditions on the use of the oil. In such circumstances the supply and price of oil would be subject to the vagaries of unstable Arab politics, although the West would have some bargaining power because of the desire of the Gulf states for oil profits and their inability to run the oil industry themselves.

35. In the event of a direct threat to the British position in any of the sheikhdoms, the UK probably would use force if necessary to maintain itself. Such a course might be quickly and easily successful, for the degree of force required would probably not be great. On the other hand, circumstances might be such that British military action, even though slight in itself, would produce grave international complications involving charges of aggression in the UN and perhaps action by Egypt to close the Suez Canal to British ships. If the British foresaw such developments they might, after their Suez experience, refrain from using armed force.

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APPENDIX I

FREE WORLD OIL RESERVES AND PRODUCTION

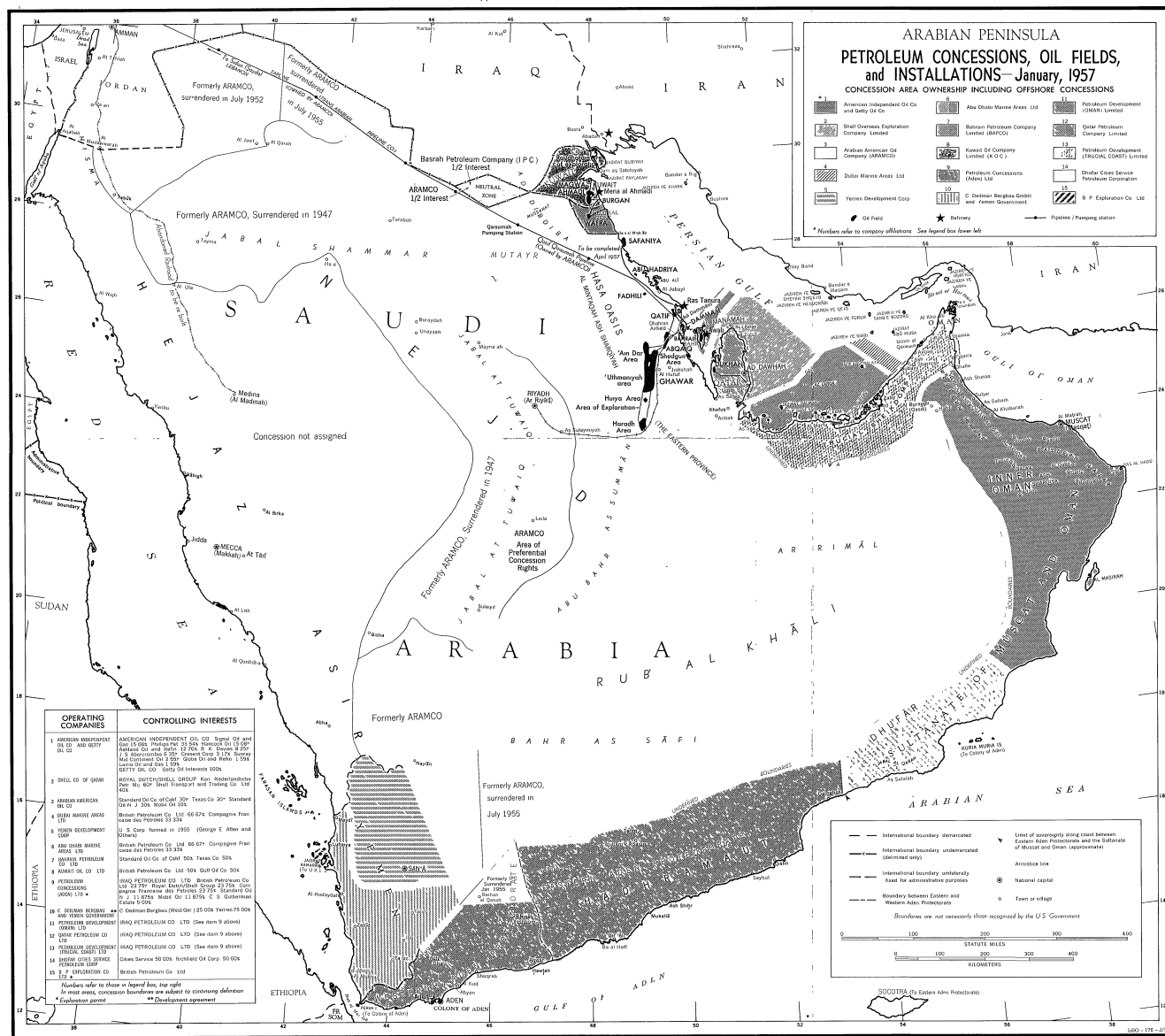
	Reserves (Proved billion bbls.)	Percent of Free World Total	Production (1,000 bbls. day) 1956 average ^s	Percent of Free World Total (1956)	Production (1,000 bbls. day) 1955 average	Percent of Free World Total (1955)
U.S.	32.90	16.0	7,150.0	48.4	6,806.8	53.4
Total Western Hemisphere	53.80	26.1	10,775.3	73.0	8,964.0	70.4
Middle East						
Persian Gulf Sheikdoms						
Bahrein	0.21	0.1	30.0	0.2	30.1	0.2
Kuwait	50.00	24.3	987.0	6.7	1,091.8	8.6
Qatar	1.50	0.7	127.0	0.9	114.5	0.9
Subtotal ¹	51.71	25.1	1,144.0	7.8	1,236.4	9.7
Other						
Iran	30.00	14.6	530.0	3.6	329.1	2.6
Iraq	22.00	10.7	633.0	4.3	675.3	5.3
Israel	0.05	<i>insig</i>	0.6	<i>insig</i>	--	--
Neutral Zone	0.65	0.3	41.0	0.3	24.2	0.2
Saudi Arabia	40.00	19.4	1,000.0	6.7	965.0	7.6
Middle East Total	144.41 ²	70.1	3,348.6	22.7	3,233.3	25.4
Other	7.80	3.8	641.8	4.3	542.5	4.2
Total Free World	206.01	100.0	14,765.7	100.0	12,739.8	100.0

¹ Does not include Neutral Zone, in which Kuwait and Saudi Arabia each have an undivided half interest.

² These are generally accepted proven reserves; some experts estimate reserves at double those already proven. An estimate of 230 billion barrels for the Middle East out of a world total of 306 billion barrels of proven oil reserves has been made by a distinguished US geologist.

³ The daily 1956 average for the Western Hemisphere has been increased and that of the Middle East lowered as a result of the Suez crisis.

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